
VII. Trade Policy Development

A. Congressional Affairs

In 1999, USTR worked with the 106th Congress in the spirit of bipartisan cooperation and consultation established in previous years on a wide range of important trade issues.

Last year, action was taken on several pieces of Administration-supported legislation. The House and Senate both passed versions of the Africa Growth and Opportunity Act. The Senate also passed the Caribbean Basin Enhancement Act. Congress reauthorized the GSP and TAA programs through September 30, 2001. Congress also rejected the disapproval resolution of extension of NTR status to China. In addition, Congress rejected a disapproval resolution of an extension of waiver authority for trade with Vietnam.

USTR continued to consult closely with Congress and conducted hundreds of briefings and consultations with Members of Congress and staff from over a dozen Congressional Committees and offices on a myriad of issues. USTR officials testified before numerous House and Senate Committees on issues such as, U.S.-China trade, U.S.-Vietnam trade, preparations for WTO Ministerial meeting, intellectual property, e-commerce and high-tech issues, services, and agriculture.

Consultations and briefings were provided on all of the above issues as well as on the status of China's accession to the WTO; steel issues; WTO disputes including, beef hormones, bananas and FSC; ATL; accessions to the WTO; the Subsidies Agreement in the WTO; the

General Agreement on Trade in Services; Global Electronic Commerce; Canadian trade issues, including wheat exports, duty-free shops and movie production; intellectual property rights including issues regarding availability of pharmaceuticals for AIDS; trade and the environment; and, trade and labor.

The Office of Congressional Affairs continued to respond in a timely manner to all requests for information from Congressional offices and Committees. In addition, Congressional Affairs transmitted statutorily required reports to Congress on a timely basis. Congressional Affairs also continued to provide trade-related briefing materials for foreign trips by Congressional delegations.

Because of the strong interest of Members of Congress in the 1999 WTO Ministerial meeting, Congressional Affairs spent the latter part of the year preparing for the unprecedented Congressional Delegation that attended the Ministerial. With nearly 90 Members of Congress and close to 100 Congressional staff attending the Ministerial, Congressional Affairs effectively coordinated both logistically and substantively to ensure that all interested Members and staff could attend the Ministerial and participate in meetings with foreign delegations to further the U.S. agenda.

USTR looks forward to maintaining and improving its close working relationship with Congress in 2000.

B. Private Sector Advisory System and Intergovernmental Affairs

Executive Summary

The Clinton Administration created USTR's Office of Intergovernmental Affairs and Public Liaison (IAPL) to expand and enhance USTR's partnership with and outreach to state and local governments, the business and agricultural communities, labor, environmental, consumer, and other domestic groups. The private sector advisory committee system, established by the U.S. Congress in 1974, falls under the auspices of IAPL. The advisory committee system was created to ensure that U.S. trade policy and trade negotiation objectives adequately reflect U.S. commercial and economic interests. The Office of IAPL has also been designated as the NAFTA and WTO State Coordinator. As such, the office serves as the liaison to all state and local governments on the implementation of the NAFTA and the WTO, and other trade issues of interest.

The Clinton Administration's 1999 trade agenda provided many opportunities for the USTR's Office of IAPL to conduct outreach to, and consultations with, the private sector advisory committees and state and local governments as well as solicit written comments from the public, consult with and brief interested constituencies, hold public hearings, and meet frequently with a broad spectrum of groups at their request.

Accomplishments realized during 1999:

- ▶ Private Sector Outreach and Consultations: IAPL conducted frequent meetings and briefings with USTR's trade advisory committees, the business and agricultural communities, environmental, consumer, and labor organizations, as well as other non-

governmental organizations on the policy agenda in preparation for the WTO Ministerial, as well as the Asia Pacific Economic Cooperation Forum, the Free Trade Area of the Americas, and the Transatlantic Economic Partnership.

- ▶ Coordination with States and Localities: IAPL conducted extensive outreach to and consultations with states and localities on WTO, NAFTA, and other trade issues through a number of mechanisms, including: meetings of the Intergovernmental Policy Advisory Committee on Trade, USTR's committee composed solely of state and local officials; notifications to the 50 state points of contact designated by the governor's office in each state; briefings at USTR; bilateral consultations with states; and participation in meetings and briefings of the National Governors Association, Western Governors Association, National Conference of State Legislatures, National Association of Attorneys General, U.S. Conference of Mayors, and others.
- ▶ Public Trade Education: IAPL expanded its Public Trade Education outreach strategy by producing two brochures designed to inform the general public about the World Trade Organization, covering the WTO's history, functions, U.S. positions on the WTO negotiating agenda, and benefits for the United States.

1999 Activities

The Clinton Administration created USTR's Office of Intergovernmental Affairs and Public Liaison (IAPL) to expand and enhance USTR's partnership with and outreach to state and local governments, the business and agricultural communities, labor, environmental, consumer,

and other domestic groups. The private sector advisory committee system falls under the auspices of IAPL.

The Office of IAPL has been designated as the NAFTA and WTO State Coordinator. As such, the office serves as the liaison to all state and local governments on the efforts to implement the NAFTA and the WTO. Consultations are ongoing throughout the year.

The U.S. Congress established the private sector advisory committee system in 1974 to ensure that U.S. trade policy and trade negotiation objectives adequately reflect U.S. commercial and economic interests. Congress expanded and enhanced the role of this system in three subsequent trade acts.

The advisory committees provide information and advice with respect to U.S. negotiating objectives and bargaining positions before entering into trade agreements, on the operation of any trade agreement once entered into, and on other matters arising in connection with the development, implementation, and administration of U.S. trade policy.

The private sector advisory committee system consists of 33 advisory committees, with a total membership of up to 1,000 advisors. Recommendations for candidates for committee membership are collected from a number of sources including Members of Congress, associations and organizations, publications, and other individuals who have demonstrated an interest or expertise in U.S. trade policy. Membership selection is based on qualifications, geography, and the needs of the specific committee. Members pay for their own travel and other related expenses.

The system is arranged in three tiers: the President's Advisory Committee for Trade Policy and Negotiations (ACTPN); six policy

advisory committees; and 26 technical, sectoral, and functional advisory committees.

The President appoints 45 ACTPN members for two-year terms. The 1974 Trade Act requires that membership broadly represent key economic sectors affected by trade. The committee considers trade policy issues in the context of the overall national interest.

The six policy advisory committees are appointed by the USTR alone or in conjunction with other Cabinet officers. Those managed solely by USTR are the Intergovernmental Policy Advisory Committee, and the Trade Advisory Committee on Africa (TACA). Those policy advisory committees managed jointly with the Departments of Agriculture, Labor, and Defense and the Environmental Protection Agency are, respectively, Agricultural Policy Advisory Committee (APAC), Labor Advisory Committee (LAC), Defense Policy Advisory Committee (DPACT), and Trade and Environment Policy Advisory Committee (TEPAC). Each committee provides advice based upon the perspective of its specific sector or area.

The 26 sectoral, functional, and technical advisory committees are organized in two areas: industry and agriculture. Representatives are appointed jointly by the USTR and the Secretaries of Commerce and Agriculture, respectively. Each sectoral or technical committee represents a specific sector or commodity group (such as textiles or dairy products) and provides specific technical advice concerning the effect that trade policy decisions may have on its sector. The four functional advisory committees provide cross-sectoral advice on customs, standards, intellectual property issues, and electronic commerce.

Private sector advice is both a critical and integral part of the trade policy process. USTR already maintains an ongoing dialogue with interested private sector parties on trade agenda

issues. The advisory committee system is unique, however, since the committees meet on a regular basis, receive sensitive information about ongoing trade negotiations and other trade policy issues and developments, and are required to report to the President on any trade agreement entered into under Section 1102 of the 1988 Trade Act.

1. Public and Private Sector Outreach

The Clinton Administration's 1999 trade agenda provided many opportunities for the USTR's Office of IAPL to conduct outreach to, and consultations with, the private sector advisory committees and state and local governments as well as solicit written comments from the public, consult with and brief interested constituencies, hold public hearings, and meet frequently with a broad spectrum of groups at their request.

a. World Trade Organization

Throughout 1999, the U.S. Trade Representative and the Administration worked very closely with business and agricultural communities, environmental, consumer, and labor organizations, as well as other non-governmental organizations on the policy agenda in preparation for the Ministerial. IAPL assisted with outreach to, and consultations with, the private sector advisory committees, state and local governments, and numerous public groups.

In addition to meetings with the private sector advisory committees and public groups, IAPL assisted with five interagency Trade Policy Staff Committee hearings held in June and conducted in Washington, D.C., Chicago, IL, Los Angeles, CA, Dallas, TX and Atlanta, GA. Notice of each of these hearings were published in the federal register and open to the public at-large. IAPL also assisted with twelve agricultural listening sessions held in conjunction with

USDA across the country. Although these sessions were designed for the agricultural community, other organizations were welcome to attend and express their views. These hearings were held in the following cities: Des Moines, IA, Lincoln, NE, Richland, WA, Sacramento, CA, Newark, DE, Burlington, VT, Bozeman, MT, Austin, TX, Winter Haven, FL, Minneapolis, MN, Memphis, TN and Indianapolis, IN.

Efforts of IAPL's outreach for the 1999 WTO Ministerial culminated in coordinating the U.S. private sector's participation as U.S. Delegation members. Advisory committee chairpersons and members representing a broad cross section of the 33 federal trade advisory committees were invited to serve on the delegation to the Ministerial. The U.S. private sector delegation resulted in the largest such delegation of any member or observer country participating at the Ministerial, with executive representatives of the top U.S. labor, environmental, business, and agricultural organizations as well as state and local governments.

Furthermore, IAPL led the coordinated interagency effort for daily briefings provided to stakeholders during Ministerial week. To keep all interested parties abreast of the latest developments in the Ministerial proceedings, briefings were conducted by senior officials from USTR and the U.S. Departments of Commerce, Treasury, State, Labor, Agriculture, and the EPA. In addition to sessions conducted for the congressional and private sector delegations, these officials provided daily updates to all advisory committee members, WTO accredited NGOs, state and local officials, and members of the general public.

b. The Asia Pacific Economic Cooperation Forum

The Office of IAPL briefed and facilitated consultations with all private sector advisors as well as public groups on the APEC agenda,

issues, and strategy. It also participated in inter-agency efforts to promote the goals and objectives of APEC and to educate the public regarding the same.

c. Free Trade Area of the Americas

IAPL briefed and facilitated consultations with all private sector advisors as well as public groups on the FTAA agenda and strategy in advance of the 1999 FTAA Ministerial in Toronto.

d. Transatlantic Economic Partnership

IAPL briefed and facilitated consultations with all private sector advisors as well as public groups on the TEP including active participation in meetings of the Transatlantic Business Dialogue, the Transatlantic Consumer Dialogue, and the Transatlantic Environmental Dialogue.

2. Public Trade Education

The Office of IAPL continues its efforts to promote and educate the public on trade issues. USTR's Internet Home Page serves as a vehicle to communicate to the public. The USTR Internet address is <http://www.ustr.gov>.

In 1999, IAPL expanded its outreach strategy by producing two brochures designed to inform the general public about the World Trade Organization, covering the WTO's history, functions, U.S. positions on the WTO negotiating agenda, and benefits for the United States. Twenty thousand copies of "The World Trade Organization Works for You" and "America and the World Trade Organization" were disseminated widely, and can be found on USTR's website under "What's New."

3. State and Local Government Relations

The passage of the NAFTA and the Uruguay Round implementing acts created expanded consultative procedures between federal trade officials and state and local governments. Under both agreements, USTR's Office of IAPL is designated as the "Coordinator for State Matters." The Coordinator carries out the functions of informing the states on an ongoing basis of trade-related matters that directly relate to or that may have a direct effect on them. The Coordinator also serves as a liaison point in the Executive Branch for state and local governments and federal agencies, to transmit information to interested state and local governments, and relaying advice and information from the states on trade-related matters.

In order to work with the Coordinator for State Matters, the Governor's office in each state designates a single point of contact within the state responsible for the transmittal of information to USTR and the dissemination to relevant state and local offices of information received from USTR.

USTR works with the single state points of contact, as well as state Governors' offices and Attorney Generals' offices, on trade-related issues of interest including the implementation of both the NAFTA and Uruguay Round agreements. Specific matters of state interest have included the implementation of the WTO Government Procurement Agreement, which 37 states have joined; negotiations to improve agricultural market access with Canada and China; and investment issues under the NAFTA.

State and Local Outreach

USTR conducted extensive outreach to inform and consult states and localities on major trade initiatives, throughout the course of 1999.

For advice from states and localities on trade policy matters, USTR has established an Intergovernmental Policy Advisory Committee on Trade (IGPAC). It is one of the 33 federal trade advisory committees in the trade advisory system established by Congress under the Trade Act of 1974, as amended. The IGPAC is comprised entirely of state and local officials. Appointed on a bipartisan basis by the USTR, the committee may make recommendations to USTR and relevant Cabinet officials on trade matters. IGPAC's membership includes governors, mayors, state legislators, attorneys general, state regulators, and county officials. IGPAC was fully briefed and consulted during 1999 on U.S. positions regarding future WTO negotiations and other major trade initiatives. Several IGPAC members were invited to serve on the official U.S. Delegation to the WTO Ministerial, to represent the interests of states and localities.

Multiple briefings on the U.S. trade agenda also were conducted for state and local associations both in Washington, D.C. and in various locations around the country. Associations included the National Governors Association, Western Governors Association, National Association of Attorneys General, National Conference of State Legislatures, U.S. Conference of Mayors, Council of State Governments, and National Association of State Development Agencies. Furthermore, Governors' Washington D.C. representatives and state and local association staff were invited to numerous briefings on trade issues at USTR throughout the year.

There is significant support among state and local officials for market-opening trade initiatives. Resolutions endorsing further reduction of trade barriers through the WTO were passed this year by the National Governors Association (NGA), Western Governors Association, National Conference of State Legislatures, and U.S. Conference of Mayors (USCM).

In preparation for the Third WTO Ministerial Conference, IAPL participated in an interagency State and Local Task Force, to ensure that interested state and local officials would have a role and presence in the trade dialogue during the conference. As a result of our efforts to engage state and local associations, two trade forums were held during the week of the Ministerial specifically devoted to trade issues of interest to sub-federal governments, as determined by the participants. The NGA hosted a trade forum for governors in attendance at the Ministerial. The USCM and National Association of Counties hosted a full-day forum for mayors and county officials. There was significant Administration and USTR participation in both forums.

C. Policy Coordination

By law, USTR plays the leading role in the development of policy on trade and trade-related investment. Under the Trade Expansion Act of 1962, the President established an interagency trade policy mechanism to assist with the implementation of these responsibilities. This organization, as it has evolved, consists of three tiers of committees that constitute the principal mechanism for developing and coordinating U.S. Government positions on international trade and trade-related investment issues.

The Trade Policy Review Group (TPRG) and the Trade Policy Staff Committee (TPSC), administered and chaired by USTR, are the subcabinet interagency trade policy coordination groups that are central to this process. The TPSC is the first line operating group, with representation at the senior civil servant level. Supporting the TPSC are more than 60 subcommittees responsible for specialized areas and several task forces that work on particular issues.

Through the interagency process, USTR assigns responsibilities for issue analysis to members of

the appropriate TPSC subcommittee or task force. Conclusions and recommendations of this group are then presented to the full TPSC and serve as the basis for reaching interagency consensus. If agreement is not reached in the TPSC, or if particularly significant policy questions are being considered, issues are taken up by the TPRG (Deputy USTR/Under Secretary level).

Member agencies of the TPRG and the TPSC consist of the Departments of Commerce, Agriculture, State, Treasury, Labor, Justice, Defense, Interior, Transportation, Energy, and Health and Human Services, the Environmental Protection Agency, the Office of Management and Budget, the Council of Economic Advisers, the International Development Cooperation Agency, the National Economic Council, and the National Security Council. The United States International Trade Commission is a non-voting member of the TPSC and an observer at TPRG meetings. Representatives of other agencies also may be invited to attend meetings depending on the specific issues discussed.

The final tier of the interagency trade policy mechanism is the National Economic Council. Chaired by the President, the NEC is composed of the Vice President, the Secretaries of State, the Treasury, Agriculture, Commerce, Labor, Housing and Urban Development, Transportation, and Energy, the Administrator of the Environmental Protection Agency, the Chair of the Council of Economic Advisers, the Director of the Office of Management and Budget, the United States Trade Representative, the National Security Advisor, and the Assistants to the President for Economic Policy, Domestic Policy, and Science and Technology Policy. All executive departments and agencies, whether or not represented on the NEC, coordinate economic policy through the NEC.

The NEC Deputies Committee considers decision memoranda from the TPRG, as well as particularly important or controversial trade-related issues. Trade-related issues that raise important national security concerns also may be taken up in the Deputies Committee of the National Security Council.

During the interagency review stage, advice is generally sought from the private sector advisory committees and from Congress. Also, while virtually all issues are developed and formulated through the interagency process, USTR advice, in some cases, may differ from that of the interagency committees.

As policy decisions are made, USTR assumes responsibility for directing the implementation of those decisions. Where desirable or appropriate, USTR may delegate the responsibility for implementation to other agencies.

